

be the only Institution in the country authorized to issue credit paper.¹⁴ The bank/⁵ he declared, "does not belong only to its stockholders; it belongs also to the State, since the latter has given it the privilege of creating money." This policy was very pleasing to the Emperor and was promptly put in practice. The law of April 22, 1806, increased the capital of the bank from 45,000,000 to 90,000,000 francs and confided its direction to a governor and two sub-governors named by the head of the State, but paid by the bank. The duration of the privileges of the bank was extended fifteen years beyond the date fixed by the Act of 1803, until September 24, 1843. It was the purpose of Napoleon to make the bank national in its operations as well as in name, and a decree of May 18, 1808, gave the exclusive privilege of note issues to the bank in every town in which it established branches.

The fall of Napoleon caused a temporary suspension of the operations of the bank. The council ordered the burning of the bills which were in the vaults ready for issue and the withdrawal of current accounts by depositors. The reserves fell to 5,000,000 francs (\$1,000,000) the circulation to 10,000,000 francs and current accounts to 1,300,000 francs. The prompt return of peace restored confidence, the circulation was increased to 70,000,000 francs and the reserves rose to* 93,000,000 francs. The government of the restoration, however, was not especially friendly to the financial creation of the Napoleonic dynasty. The management of the bank themselves were ready to renounce exclusive privileges in the departments, provided the stockholders were allowed to resume the selection of the governor and his assistants. This project was not accepted by the Chambers, but the branches at Rouen and Lyon were abandoned and were succeeded by departmental banks of a type which soon spread to the leading cities of France.

These departmental banks were entirely independent of the Bank of France, and were authorized to issue their own notes. They accommodated themselves to local necessities, their officers were acquainted with local credits, their profits